Financial Statements of

# THE LONDON CONVENTION CENTRE CORPORATION

And Independent Auditor's Report thereon

Year ended December 31, 2024

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# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The London Convention Centre Corporation

## *Opinion*

We have audited the financial statements of The London Convention Centre Corporation (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024 and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 4, 2025

# THE LONDON CONVENTION CENTRE CORPORATION

Statement of Financial Position

December 31, 2024, with comparative information for 2023

| | 2024 | 2023 |
|---|---|---|
| Financial assets: | | |
| Cash | $ 961,432 | $ 838,569 |
| Accounts receivable | 388,056 | 614,394 |
| Other receivables | 27,525 | 34,680 |
| Receivable from The City of London | 139,498 | - |
| | 1,516,511 | 1,487,643 |
| Financial liabilities: | | |
| Accounts payable and accrued liabilities | 360,599 | 483,474 |
| Payable to The City of London | - | 100,423 |
| Accrued sick and vacation | 24,374 | 28,123 |
| Advance deposits and deferred revenue | 816,806 | 607,191 |
| | 1,201,779 | 1,219,211 |
| Net financial assets | 314,732 | 268,432 |
| Non-financial assets | | |
| Inventory (note 3) | 77,339 | 66,966 |
| Tangible capital assets (note 5) | 17,204,226 | 16,874,878 |
| Prepaid expenses | 35,696 | 75,687 |
| | 17,317,261 | 17,017,531 |
| Contingencies (note 11) | | |
| Accumulated surplus (note 7) | $ 17,631,993 | $ 17,285,963 |

See accompanying notes to financial statements.

On behalf of the Board:

____________________ Director ____________________ Director

# THE LONDON CONVENTION CENTRE CORPORATION

Statement of Operations

Year ended December 31, 2024, with comparative information for 2023

| | 2024 Budget (note 9) | 2024 Actual | 2023 Actual |
|---|---|---|---|
| Sales: | | | |
| Food and beverage | $ 4,130,000 | $ 4,070,029 | $ 4,329,574 |
| Capital reserve drawdown | 625,000 | 1,398,302 | 1,177,510 |
| Other | 1,100,250 | 1,219,667 | 1,182,274 |
| Space rental | 640,000 | 711,134 | 757,546 |
| City capital appropriation | 708,000 | 708,360 | 677,604 |
| Parking | 412,800 | 448,155 | 400,412 |
| Capital Levy from the City | - | 445,670 | - |
| Technical | 414,700 | 436,665 | 536,881 |
| Federal grants | - | 11,407 | 404,602 |
| | 8,030,750 | 9,449,389 | 9,466,403 |
| Cost of goods sold: | | | |
| Food and beverage | 1,189,150 | 1,019,537 | 1,140,578 |
| Other | 43,597 | 61,457 | 50,949 |
| Technical | 6,360 | 7,525 | 6,985 |
| | 1,239,107 | 1,088,519 | 1,198,512 |
| | 6,791,643 | 8,360,870 | 8,267,891 |
| Expenditures: | | | |
| Event services and culinary | 2,178,337 | 2,112,798 | 2,121,611 |
| Amortization of tangible capital assets | 1,398,083 | 1,508,822 | 1,398,083 |
| Corporate services | 1,064,530 | 1,275,831 | 1,111,121 |
| City appropriation | 708,000 | 877,499 | 1,030,329 |
| Sales and catering | 913,773 | 865,069 | 906,296 |
| Facility services | 607,986 | 677,876 | 637,236 |
| Energy | 614,803 | 551,489 | 604,191 |
| Cleaning | 107,053 | 84,466 | 82,720 |
| Other | 58,465 | 59,810 | 48,897 |
| Parking | 1,000 | 1,180 | 26,475 |
| | 7,652,030 | 8,014,840 | 7,966,959 |
| Annual surplus (deficit) (note 8) | (860,387) | 346,030 | 300,932 |
| Accumulated surplus, beginning of year | 17,285,963 | 17,285,963 | 16,985,031 |
| Accumulated surplus, end of year | $ 16,425,576 | $ 17,631,993 | $ 17,285,963 |

See accompanying notes to financial statements.

# THE LONDON CONVENTION CENTRE CORPORATION

Statement of Changes in Net Financial Assets

Year ended December 31, 2024, with comparative information for 2023

| | 2024 Budget (note 9) | 2024 Actual | 2023 Actual |
|---|---|---|---|
| Annual surplus (deficit) | $ (860,387) | $ 346,030 | $ 300,932 |
| Amortization of tangible capital assets | 1,398,083 | 1,508,822 | 1,398,083 |
| Acquisition of tangible capital assets | - | (1,838,170) | (1,547,309) |
| | 537,696 | 16,682 | 151,706 |
| Acquisition of inventory | - | (77,339) | (66,966) |
| Acquisition of prepaid expenses | - | (35,696) | (75,687) |
| Consumption of inventory | - | 66,966 | 86,199 |
| Use of prepaid expenses | - | 75,687 | 64,337 |
| Change in net financial assets | 537,696 | 46,300 | 159,589 |
| Net financial assets, beginning of year | 268,432 | 268,432 | 108,843 |
| Net financial assets, end of year | $ 806,128 | $ 314,732 | $ 268,432 |

See accompanying notes to financial statements.

# THE LONDON CONVENTION CENTRE CORPORATION

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

| | 2024 | 2023 |
|---|---|---|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Annual surplus (deficit) | $ 346,030 | $ 300,932 |
| Item not involving cash: | | |
| Amortization of tangible capital assets | 1,508,822 | 1,398,083 |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | 226,338 | (95,926) |
| Other receivables | 7,155 | 245,139 |
| Inventory | (10,373) | 19,233 |
| Prepaid expenses | 39,991 | (11,350) |
| Accounts payable and accrued liabilities | (122,875) | (332,726) |
| Accrued sick and vacation | (3,749) | 15,416 |
| Receivable from the City of London | (239,921) | 285,019 |
| Advance deposits and deferred revenue | 209,615 | (286,148) |
| | 1,961,033 | 1,537,672 |
| Capital activities: | | |
| Acquisition of tangible capital assets | (1,838,170) | (1,547,309) |
| Net change in cash | 122,863 | (9,637) |
| Cash, beginning of year | 838,569 | 848,206 |
| Cash, end of year | $ 961,432 | $ 838,569 |

See accompanying notes to financial statements.

## 1. Significant accounting policies:

The financial statements of The London Convention Centre Corporation (the "Corporation") are prepared in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants Canada Public Sector Accounting Handbook.

(a) Basis of accounting:

Sources of financing and expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

| Asset | Rate |
|---|---|
| Buildings, building improvements & equipment | 5-40 years |
| Furniture | 5-20 years |
| Infrastructure | 3-15 years |
| Vehicles | 10-20 years |

The estimated useful lives of assets are reviewed by management and adjusted if necessary.

An asset retirement obligation is recognized when, at the financial reporting date, all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

## 1. Significant accounting policies (continued):

(c) Revenue recognition:

Revenue from events is recorded in the statement of operations in the year in which the event is held, and the related receivable is considered collectible.

Government transfer payments are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

(d) Inventory:

Inventory is valued at the lower of cost, being laid down cost, and net realizable value, using the specific item costing method.

(e) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Such estimates include valuation of accounts receivable, inventory, and tangible capital assets. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, and makes adjustments in the financial statements on a prospective basis. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates.

(f) Budget figures:

Budget figures have been provided for comparison purposes. Given differences between the budgeting model and public sector accounting standards ("PSAS"), certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAS.

## 1. Significant accounting policies (continued):

(g) Financial instruments:

Financial Instruments are classified into three categories: fair value, amortized cost or cost. Portfolio investments reported at fair value consist of equity instruments, certain fixed income securities, derivative instruments, and any other investments where the investments are managed and evaluated on a fair value basis and the fair value option is elected.

Other financial instruments, including cash and cash equivalents, investments in guaranteed investment certificates, accounts receivable, loans receivable, accounts payable and accrued liabilities, and long-term debt are initially recorded at their fair value and are subsequently measured at cost or amortized cost, net of any provisions for impairment.

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

Fair value category: The Corporation manages and reports performance for groups of financial assets on a far-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and related balances reversed from the Statement of Remeasurement Gains and Losses. A Statement of Remeasurement Gains and Losses has not been included as there are no material matters to report therein.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

**2. Change in accounting policy - adoption of new accounting standards:**

The Corporation adopted the following standards concurrently beginning January 1, 2024 prospectively: PS 3160 Public Private Partnerships, PS 3400 Revenue and PSG-8 Purchased Intangibles.

(a) PS 3160 Public Private Partnerships (P3s) provides specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. As a result of applying the Public Private Partnership accounting standard it was identified that this accounting standard did not affect the Corporation and therefore no adjusting entries occurred.

(b) PS 3400 Revenue establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

(c) PSG-8 Purchased Intangibles provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm’s length exchange transactions between knowledgeable, willing parties that are under no compulsion to act. No such transactions were identified by the Corporation.

## 3. Inventory:

At December 31, inventory consists of:

| | 2024 | 2023 |
|---|---|---|
| Food | $ 25,858 | $ 25,097 |
| Beverages | 51,481 | 41,869 |
| | $ 77,339 | $ 66,966 |

## 4. Capital reserve:

A capital reserve is managed by The City of London to finance future capital expenditures. The reserve has not been recognized in these financial statements and will be accounted for as the funds are received and expended.

| | 2024 | 2023 |
|---|---|---|
| Opening balance | $ 1,872,484 | $ 2,405,852 |
| Interest | 82,776 | 51,151 |
| Contributions | 1,377,559 | 784,413 |
| Capital expenditures | (1,398,311) | (1,368,932) |
| Closing balance | $ 1,934,508 | $ 1,872,484 |

## 5. Tangible capital assets:

| Cost | Balance at December 31, 2023 | Additions | Disposals | Balance at December 31, 2024 |
|---|---|---|---|---|
| Building | $ 27,143,683 | $ - | $ - | $ 27,143,683 |
| Building improvements | 14,857,639 | 1,048,794 | (5,959) | 15,900,474 |
| Equipment | 1,841,816 | 219,143 | - | 2,060,959 |
| Furniture | 1,111,740 | 2,928 | - | 1,114,668 |
| Infrastructure | 1,310,485 | 56,409 | - | 1,366,894 |
| Vehicles | 66,104 | - | - | 66,104 |
| Construction in progress | 31,627 | 548,334 | (31,627) | 548,334 |
| | $ 46,363,094 | $ 1,875,608 | $ (37,586) | $ 48,201,116 |

| Accumulated amortization | Balance at December 31, 2023 | Disposals | Amortization expense | Balance at December 31, 2024 |
|---|---|---|---|---|
| Building | $ 20,480,718 | $ - | $ 686,649 | $ 21,167,367 |
| Building improvements | 5,700,916 | (148) | 643,377 | 6,344,145 |
| Equipment | 1,652,075 | - | 54,833 | 1,706,908 |
| Furniture | 785,464 | - | 29,241 | 814,705 |
| Infrastructure | 830,221 | - | 92,286 | 922,507 |
| Vehicles | 38,822 | - | 2,436 | 41,258 |
| Construction in progress | - | - | - | - |
| | $ 29,488,216 | $ (148) | $ 1,508,822 | $ 30,996,890 |

| Net book value | Balance at December 31, 2023 | Balance at December 31, 2024 |
|---|---|---|
| Building | $ 6,662,965 | $ 5,976,316 |
| Building improvements | 9,156,723 | 9,556,329 |
| Equipment | 189,741 | 354,051 |
| Furniture | 326,276 | 299,963 |
| Infrastructure | 480,264 | 444,387 |
| Vehicles | 27,282 | 24,846 |
| Construction in progress | 31,627 | 548,334 |
| | $ 16,874,878 | $ 17,204,226 |

## 5. Tangible capital assets (continued):

Ownership of capital assets is vested with the City of London. The Centre Corporation operates the facilities on behalf of the City of London. The fixed assets and the related amortization have been included in the financial statements of The London Convention Centre Corporation in order to reflect the assets over which it has stewardship.

## 6. Pension agreement:

The London Convention Centre Corporation contributes to the Ontario Municipal Employees Retirement Fund ("OMERS") which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2024 was $239,650 (2023 - $233,015) for current service and is expensed in the statement of operations.

The last available report for the OMERS plan was on December 31, 2024. At that time, the plan reported a $2.9 billion actuarial deficit (2023 - $4.2 billion), based on actuarial liabilities for $142.5 million (2023 - $136.1 million) and actuarial assets for $139.6 million (2023 - $131.9 million). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

## 7. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserve funds as follows:

| | 2024 | 2023 |
|---|---|---|
| Surplus: | | |
| Invested in tangible capital assets | $ 17,204,226 | $ 16,874,878 |
| Operating reserve: | | |
| Operating | 258,769 | 158,769 |
| Other | 168,998 | 252,316 |
| | $ 17,631,993 | $ 17,285,963 |

**8. Income from operations:**

In order to assess the operations of the Corporation, management removes the impact of capital items from the operating results included in the statement of operations. Accordingly, management defines income from operations as follows:

| | 2024 | 2023 |
|---|---|---|
| Annual surplus | $ 346,030 | $ 300,932 |
| Add back: | | |
| Amortization | 1,508,822 | 1,398,083 |
| City appropriation | 877,499 | 1,030,329 |
| | 2,386,321 | 2,428,412 |
| Deduct: | | |
| City capital funding | (2,552,332) | (1,855,114) |
| | $ 180,019 | $ 874,230 |

**9. Budget data:**

Budget figures have been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by the PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

| | |
|---|---|
| Revenues | $ 6,697,750 |
| Cost of goods sold | (1,239,107) |
| Expenses | (5,545,947) |
| Annual deficit, as budgeted | (87,304) |
| City capital appropriation | 708,000 |
| Capital reserve drawdown | 625,000 |
| Amortization of capital assets | (1,398,083) |
| City appropriation | (708,000) |
| Annual deficit, revised | $ (860,387) |

## 10. Comparative information:

Certain comparative information have been reclassified from those previously presented to conform to the presentation of the 2024 financial statements.

## 11. Contingencies:

The Corporation is subject to certain actual and potential legal claims, which have arisen in the normal course of operations. It has been determined by management that the outcome of these claims are not determinable at this point and as such, no amounts have been included in these financial statement.

## 12. Financial and other risks:

As the valuation of all financial instruments held by the Corporation at fair value are derived from quoted process in active markets, all would be in Level 1 of the fair value hierarchy.

**Risks arising from financial instruments and risk management**

The Corporation is exposed to a variety of financial risks including credit risks, and liquidity risk, which have not changed significantly from the prior year. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Corporation's financial performance.

(a) Credit risk:

The Corporation's principal financial assets that are subject to credit risk are cash and accounts receivable. The carrying amounts of financial assets on the Statement of Financial Position represent the Corporation's maximum credit exposure as at the Statement of Financial Position date.

(b) Liquidity risk:

The Corporation mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current. There have been no significant changes from the previous year in the Corporation's exposure to liquidity risk or policies, procedures and methods used to measure the risk. All accounts payable and accrued liabilities will be paid within six (6) months.

**12. Financial and other risks (continued):**

The Corporation's financial instruments consist of cash, accounts receivable, long-term receivables, and accounts payable and accrued liabilities. It is the Corporation's opinion that the Corporation is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.